

Message Text

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43

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 AID-20 IGA-02 CIAE-00 DODE-00

PM-07 H-03 INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01

PRS-01 SP-03 SS-20 USIA-15 DRC-01 /138 W

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R 281219Z AUG 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 8231

INFO CINCPAC

AMEMBASSY LONDON

USDEL JEC PARIS

UNCLAS SAIGON 11341

E.O. 11652: N/A

TAGS: PFOR, EAID, VS, VN

SUB: COMMUNIST ATTEMPT TO EXPLOIT AID ISSUE

1. FOLLOWING VIETNAMESE-LANGUAGE BROADCAST IS EXAMPLE OF HOW COMMUNISTS USE ISSUE OF DECLINING US AID TO GVN IN ATTEMPTS TO SAP MORALE OF SOUTH VIETNAMESE FORCES. BROADCAST IS FBIS ITEM S261145 LIBERATION RADIO (CLANDESTINE) IN VIETNAMESE TO SOUTH VIETNAM 0500 GMT 25 AUG 74 S.

2. BEGIN TEXT: THE U.S. SENATE RECENTLY APPROVED A BILL FOR \$700 MILLION FOR MILITARY AID TO NGUYEN VAN THIEU, LESS THAN HALF THE AMOUNT INITIALLY PROPOSED BY NIXON. THIS BILL FORBIDS THE U.S. GOVERNMENT TO APPROPRIATE FUNDS FOR SETTING UP A RESERVE ARMAMENT STOCK FOR EMERGENCY USE IN SOUTH VIETNAM, THAILAND AND SOUTH KOREA. MEANWHILE, THE DOLLAR HAS BEEN FURTHER DEVALUATED BY 17 PERCENT.

3. ACCORDING TO THE BRITISH PAPER "THE GUARDIAN" OF 23 AUGUST, THIS DECREASE IN AID IS MUCH GREATER THAN IT FIRST SEEMED TO BE. THE REDUCTION IS VERY GREAT IF WE CONSIDER JUST THE PRICE OF GASOLINE, WHICH HAS DOUBLED, AND THAT OF AMMUNITION, WHICH HAS INCREASED BY 25 PERCENT.

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RM A BBC REPORTER HAS COMMENTED THAT THIS IS THE REASON WHY THE INTENSITY OF THE ARTILLERY FIREPOWER OF THE SAIGON ARMY HAS BEEN REDUCED. THEREFORE, A NUMBER OF OUTPOSTS HAVE FALLEN AND THE SAIGON TROOPS HAVE HAD TO ABANDON MORE POSTS, AS A RESULT OF A POLICY OF CONSOLIDATING OUTPOSTS. MANPOWER AND MATERIALS MUST BE RESERVED FOR RESCUING OUTPOSTS IN DANGER AND FOR CONSOLIDATING MOBILE UNITS. THE SAIGON ARMY IS ENCOURAGING ITS TROOPS TO LAUNCH HIGH AMBUSHES AND TO STRENGTHEN MOBILE UNITS.

5. THE U.S. AID BILL IS BEING TRANSFERRED TO CONGRESSIONAL COMMITTEES, AND THE FORD ADMINISTRATION AND KISSINGER WILL CERTAINLY INTERVENE. BUT ONE DOUBTS THE RESULTS OF SUCH INTERVENTION BECAUSE THE FORD ADMINISTRATION IS FACING A GLOOMY U.S. ECONOMY WHICH MUST BE REVITALIZED. ONE DOUBTS THE CAPACITY OF THE FORD ADMINISTRATION TO SOLVE ECONOMIC PROBLEMS AND TO CORRECT THE U.S. FOREIGN POLICY. END TEXT.
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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROPAGANDA, ECONOMIC ASSISTANCE, RADIO BROADCASTING
Control Number: n/a
Copy: SINGLE
Draft Date: 28 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SAIGON11341
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740238-0149
From: SAIGON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740811/aaaaajan.tel
Line Count: 78
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: martinjw
Review Comment: n/a
Review Content Flags:
Review Date: 08 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 JUL 2002 by reddocgw>; APPROVED <28 JAN 2003 by martinjw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COMMUNIST ATTEMPT TO EXPLOIT AID ISSUE
TAGS: PROP, EAID, VS, VN, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005